Message Text

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62.

ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

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R 091420Z JUN 75

FM AMEMBASSY ROME

TO SECSTATE WASHDC 1456

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

US MISSION EC BRUSSELS

US DEL MTN GENEVA 68

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E. O. 11652: N/A

TAGS: ETRD, EIND, EINV, MTN, EEC, IT

SUBJECT: USG-GOI DISCUSSION OF REGIONAL AIDS IN RELATION TO COUNTERVAILING DUTIES

REF: EC BRUSSELS 5028

PASS TREASURY AND STR

1. SUMMARY: DEPUTY ASSISTANT SECRETARY TREASURY SUCHMAN AND FXSO CONSTAXBLE, ACCOMPANIED BY EMBOFF AND CUSTOMS REPS, LIMITED OFFICIAL USE

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CALLED AT MINISTRIES FOREIGN TRADE (MFT) AND FOREIGN AFFAIRS

(MFA) JUNE 6 TO DISCUSS COUNTERVAILING DUTY IMPLICATIONS OF GOI'S MEZZAGIORNO (SOUTH ITALY, SICILY AND SARDINIA) REGIONAL DEVELOPMENT PROGRAM IN CONNECTION WITH CURRENT TREASURY INVESTIGATION OF FLOAT GLASS IMPORTS FROM ITALY AND OTHER EC COUNTRIES. MINISTRY INDUSTRY DIRECTOR GENERAL INDUSTRIAL PRODUCTION CARBONE UNFORTUNATELY OUT OF TOWN AND OTHER MINISTRY INDUSTRY OFFICIALS NOT BRIEFED; CONSEQUENTLY, NO DISCUSSIONS WERE HELD WITH MINISTRY INDUSTRY REPS.

- 2. IN MEETING WITH MFT REP SIMEONE (DIRECTOR, GATT/EC AFFAIRS), SUCHMAN EXPLAINED RECENT CHANGES IN US COUNTERVAILING DUTY LEGISLATION AND URGED GOI AND GLASS INDUSTRY TO BE AS FORTHCOMING AS POSSIBLE IN PROVIDING INFORMATION TO USG IN ORDER THAT TREASURY CAN REACH A CORRECT DECISION IN THIS CASE. SIMEONE SAID MFT HAD REQUESTED COMPLETE INFO FROM THREE ITALIAN FIRMS MENTIONED IN COMPLAINT FILED WITH US TREASURY. TWO FIRMS DO NOT NOW AND DO NOT INTEND IN FUTURE TO EXPORT TO US. THIRD FIRM, WHICH HAS VERY LIMITED EXPORTS TO US (9.3 PERCENT OF OUTPUT, 971 MT IN 1974), DID NOT RPT NOT REPLY TO MFT REQUEST. MFT REGRETS THIS, BUT HAS NO RPT NO AUTHORITY TO COMPEL DISCLOSURE.
- 3. SIMEONE NOTED THAT GOI'S MEZZAGIORNO PROGRAM, WHICH HAS EXISTED SINCE 1947, HAS GREAT POLITICAL SIGNIFICANCE AND IS SUPPORTED BY ALL POLITICAL PARTIES. THE PROGRAM, HOWEVER, IS NOT IN ANY WAY DESIGNED TO PROMOTE EXPORTS. HE AGREED WITH SUCHMAN THAT, IN MTN, THERE IS NEED TO DEVISE BETTER INTERNATIONAL RULES DEFINING/GOVERNING "SUBSIDIES".
- 4. SUCHMAN MADE SAME OPENING PRESENTATION TO MFA REPS CALAMIA (DIRECTOR, EC/GATT AFFAIRS) AND FUXA (CALAMIA'S DEPUTY) AND THEN EXPLORED POSSIBILITY FOR REASONABLE NEGOTIATED SETTLEMENT IN MTN. CALAMIA INDICATED THAT, AS FAR AS GOI CONCERNED, SUBSIDIES/COUNTERVAILING DUTIES WAS AREA WHICH COULD AND SHOULD BE DEALT WITH IN MTN. MOST DIFFICULT PROBLEM WILL PROBABLY BE LDC'S DESIRE FOR BLANKET EXCEPTION FROM SUCH RULES, WHICH CONCEPT CAUSES SERIOUS PROBLEMS FOR GOI.
- 5. CALAMIA ALSO STRESSED POLITICALLY SENSITIVE NATURE OF GOI'S MEZZAGIORNO PROGRAM AND NOTED THAT ITS INTENTION IS SOCIAL/ECONOMIC DEVELOPMENT OF SEVERLY DISADVANTAGED AREA AND NOT RPT NOT EXPORT LIMITED OFFICIAL USE

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PROMOTION.

6. SUCHMAN HAS READ AND APPROVED ABOVE MESSAGE. VOLPE

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Disposition Comment: 25 YEAR REVIEW
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Disposition Event:
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